

NASCIO Concerns and Solution for ARRA Reporting and Accountability Issues March 9, 2009

Issue: Lack of Enterprise Approach for use of Stimulus Funds in States

Concern: The state IT landscape has changed significantly, yet federal funding regulations and guidelines such as 2 CFR Part 225 (OMB Circular A-87) and agency specific guidelines, do not reflect this new environment. Currently, the general guidelines attached to federal programmatic funding for services administered by the states do not promote enterprise IT consolidation, shared solutions, infrastructure optimization or the integrated channels of services sought by citizens. On the contrary, if flexibility is given, it will increase cyber security risks, perpetuate silos and are counter intuitive to the derived vision for achieving interoperability in government. A priority initiative of state CIOs today is implementing an enterprise consolidation and shared services environment for delivering and supporting IT services to their state agencies. Consolidation of IT infrastructure and services represents a significant opportunity for increased security, cost savings, energy efficiency and improved productivity service levels. As millions of new recovery dollars directed at state programs are spent on IT to support education, human services, public health, justice, employment services and transportation, revised guidelines that promote enterprise IT solutions and flexible commingling with specific cost-allocation options could greatly improve the return on every federal dollar spent on information systems in the states. An “enterprise view” of IT investments and this flexibility could also prevent the creation of new, expensive “stovepiped” systems, eliminate waste and allow states to leverage their resources.

Recommendation: Funding guidelines for stimulus funding should include language to encourage enterprise IT solutions, IT consolidation, and flexible commingling practices to greatly improve the return on every federal dollar spent on information systems in the states. Federal guidance should discourage stimulus funds being used for proprietary, stovepiped IT solutions within each agency. Federal agency interpretations of cost allocation guidelines must become less ambiguous; more consistently applied and allow flexibility with accountability.

Issue: Funding for Accountability and Transparency Provisions

Concern: State CIOs are responsible for the state’s web presence and portal services and need clarification on whether there is up front federal funding to create accountability and transparency sites and acquire software to meet the requirements. Is funding expected to be taken from federal recovery funds provided to state program agencies? Is this an allowable expense of recovery funds under federal cost allocation for administrative support and modernization? Are these costs included and permitted under the state fiscal stabilization allocation?

Issue: Little Information on GAO Audits and Oversight

Concerns: The GAO has identified 16 states where it will locate field audit teams and that it will start auditing in April 2009. States have not received the guidelines for a number of programs under the stimulus. States CIOs need to know the data collection requirements and what the GAO will review from an enterprise IT services perspective.

Issue: Lack of Uniform Data Dictionary and Enterprise Approach

Concern: States are working to ensure compliance with the data collection and reporting requirements of the recovery provisions. The data collection formats for the information exchange between federal and state government varies with each federal program and funding stream.

Recommendation: The federal government should form a partnership with the states to create an enterprise approach to establish the common and core data requirements. A collaborative data dictionary is desirable with an XML schema.

Issue: Improved Central Coordination Authority

Concern: It is imperative that a process to harmonize federal programmatic rules, directives and mandates for IT investments by the states be undertaken. Through the Recovery Act states will receive billions of dollars that contain funds for IT hardware, applications and solutions that state and local agencies have to purchase, develop, implement, secure and maintain. Through programmatic funding to multiple state sources, federal agencies often impose prescriptive mandates and technology requirements on states that are not coordinated at the federal level. The result is a proliferation of IT environments, services and staffing and inability to leverage a state's shared services architecture. Although federal guidelines may be used as the rationale, specific technology requirements are interpreted and applied in an inconsistent manner by federal agencies and imposed on the states. This prohibits states from leveraging existing technology investments and implementing cost-saving enterprise services. States end up with costly stovepipe programs and mismatched technology solutions due to the lack of federal coordination.

Recommendation: With the delivery of billions to states under ARRA, the states need better federal coordination to use funds wisely and more flexibility in how they can spend their federal IT dollars. A centralized guidance approach should be taken to help states procure hardware, applications and solutions.

Issue: Collecting Local Government Stimulus Data

Concerns: It is unclear whether states will be responsible for collecting data from their local governments. States CIOs are concerned that they will have to chase down the funding from localities if funds are distributed directly to local agencies.

Recommendations: Allow local government to report their expenditures to either the federal programmatic agency or recovery.gov.